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The Israeli National Election: Prospects and Implications

An Intelligence Memorandum

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June 1981

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**The Israeli National Election:
Prospects and Implications**

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Summary

Prime Minister Begin's Likud bloc has erased the opposition Labor Party's once formidable lead in the polls, leaving Labor confused and off balance. Likud's improving prospects are due largely to Begin's revitalized leadership and to Labor's repeated mistakes. Should the current trend away from Labor continue, Likud will lead Israel's next government.

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The Israeli public backs the dramatic airstrike against Iraq's nuclear center on 7 June as essential to safeguard national security. So far, the raid has strengthened Likud's prospects in the national election set for 30 June. Begin also has succeeded in rallying voter support by his skillful management of the impasse with Syria over its air defense missiles in Lebanon.

Likud has neutralized Labor's ability to capitalize on the Begin government's record on the economy, once its greatest domestic vulnerability. Finance Minister Aridor has in recent months undertaken numerous election-inspired economic measures that have proven highly popular and have undercut Labor's capacity to offer viable alternatives.

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Nevertheless, as much as 25 percent of the electorate—including many traditionally pro-Labor Ashkenazi Jews—is undecided. Labor could recover much of its lost momentum if it succeeds in gaining significant support from this group in the final days of the election campaign.

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Whether Likud or Labor forms the next government, it will be constrained by pressure from the hawkish National Religious Party and other hardline coalition partners from offering major concessions on the West Bank–Palestinian issue. In any case, the new government will seek to influence and shape US Middle East policies and to coordinate negotiating tactics to neutralize Arab pressure for Israeli concessions on the Palestinian issue.

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The new government also will try to capitalize on perceived US sympathy for Israel's security problems, the US view of Israel as a strategic asset, and US concern about Soviet adventurism in the area to work intensively for

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closer US-Israeli cooperation. It would aim thereby to stretch US "tolerance" for lack of meaningful movement in negotiations on the Palestinian issue. [REDACTED]

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The government will make a major effort to nail down a Palestinian autonomy agreement with Egypt before Israel's final withdrawal from the Sinai in April 1982. The Israelis recognize that the withdrawal will substantially reduce their leverage with Egypt. Neither a Labor- nor Likud-led coalition, however, would be prepared to offer major concessions that would weaken Israel's control over West Bank land and water resources, internal security, and Jewish settlement activity. A Labor-led coalition probably would try to strike a bargain with Egyptian President Sadat by proposing broader Palestinian autonomy for the Gaza Strip. [REDACTED]

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**The Israeli National Election:
Prospects and Implications**

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Election Campaign

Under Prime Minister Begin's revitalized leadership, the Likud bloc has rapidly reversed its low standing in Israeli public opinion polls. Likud has regained the initiative from the opposition Labor Party, in large part because of Begin's tough stance on security issues, Finance Minister Aridor's election-inspired economic measures, and Labor Chairman Peres's miscalculations. Labor's leadership seems confused and uncertain on how to revive the party's flagging campaign. Unless the current momentum is reversed, Likud will win enough seats in parliament to lead Israel's next coalition government.

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Begin, 68, recently withdrew his promise to retire in two years, boasted of working 19-hour days, and promised to "cover the length and breadth" of Israel during the campaign. He has demonstrated renewed assertiveness and self-confidence since the beginning of serious campaigning, adopting a fiercely combative style reminiscent of his days as leader of the opposition. Begin throughout his career has sought confrontation and clearly relishes his current opportunities to lash out at Labor.

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He also has begun to make more frequent campaign swings to Jewish settlements on the occupied West Bank. Begin has used these occasions to denounce Labor's proposal to partition the area with Jordan as "certain" to lead to a Soviet-backed, PLO-dominated West Bank state and to uphold his government's aggressive settlements policy as a central facet of its strategy to establish permanent control over the occupied territory.

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**Israel's Raid on the
Iraqi Nuclear Center**

Begin has gained at Labor's expense as a result of Israel's dramatic airstrike on 7 June against the Iraqi nuclear center near Baghdad. He probably would become vulnerable on this issue, however, if the public comes to perceive him as responsible for provoking a major crisis in relations with the United States. Currently undecided Ashkenazi Jews¹—traditionally a pro-Labor group—might then rally to Labor, thereby increasing the prospect of a last-minute Labor comeback. But so far Begin and most Israelis appear to believe that the US vote for the Iraqi-sponsored UN Security Council resolution condemning the raid is intended mainly to pacify the Arabs and that it will not cause major long-term damage to bilateral ties.

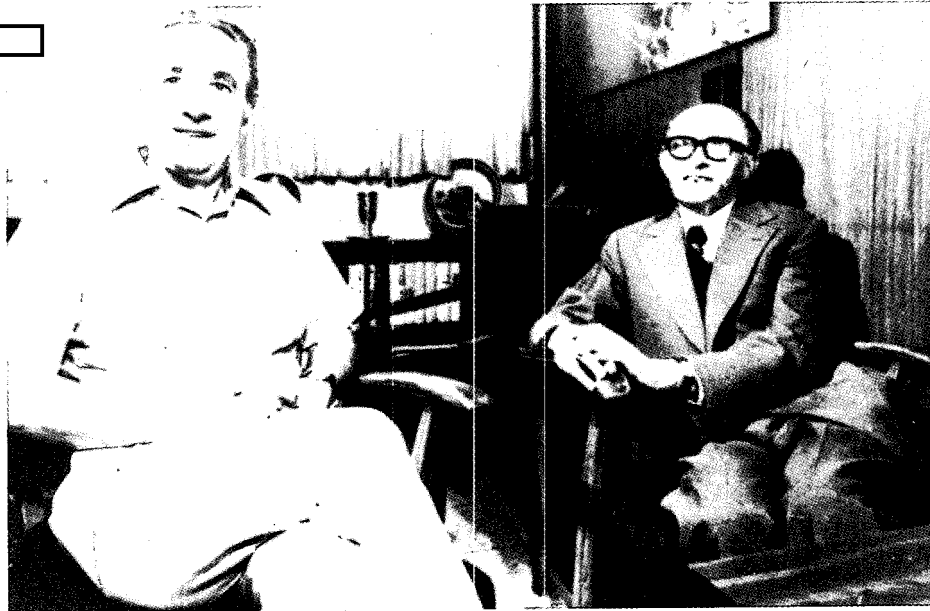
¹ Jews tracing their ancestry to Central and Eastern Europe.

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Shimon Peres with Prime
Minister Menachem Begin. [REDACTED]



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The Lebanon Crisis

By cooperating with US Ambassador Habib's mediation mission, Begin has sought to reinforce his claim that he has established a close working relationship with the new US administration—a major aim of any Israeli government and a key element of Begin's reelection strategy. Begin has tried to capitalize on his close cooperation with the United States to calm public uneasiness over his tough statements and to parry Labor claims that he is prone to precipitate military action. Begin also has reinforced his image as a strong, effective leader with the hawkish community of Sephardic Jews,² a key Likud constituency. [REDACTED]

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Begin probably believes that the public's satisfaction over the destruction of the Iraqi nuclear facility has decreased domestic pressure on him to resolve the Lebanon crisis before the election. Moreover, he probably is reluctant to order a major military action against the Syrians—as long as they do not undertake new military measures of their own—for fear of risking the substantial gains Likud has registered in the polls in recent weeks. [REDACTED]

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Nonetheless, Begin will be alert to opportunities to order preemptive strikes against the Palestinians in southern Lebanon. He will calculate that such actions will demonstrate his ability to safeguard northern Israeli communities against Palestinian terrorist operations without seriously escalating Israeli-Syrian tensions. [REDACTED]

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² Jews tracing their ancestry to South Europe, North Africa, and the Middle East.

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Begin meeting with reporters
after Tuwaitha raid. [redacted]

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The Economy as an Issue

For the past two years, Begin's major domestic problem has been the economy, particularly his government's inability to curb Israel's galloping triple-digit rate of inflation, which at 133 percent was the world's worst in 1980. Labor repeatedly has attacked Begin on this issue and early this year began touting a tough austerity program, including a wage-price freeze, to try to bring inflation under control. [redacted]

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To Labor's consternation, Begin and his colleagues have largely succeeded during the past three months in neutralizing the economy as an election issue. Finance Minister Aridor's economic measures—including repeated cuts in sales taxes, relatively low price rises on controlled items, and increases in subsidies of consumer goods—prompted an unprecedented buying spree in March. Aridor's moves have sparked defections to Likud by relatively affluent, middle-class Labor voters and from former Foreign Minister Dayan's State Renewal Party [redacted]

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Likud's relatively strong showing in the nationwide trade union election on 7 April—in which it nearly equaled its record performance of four years ago—demonstrates Labor's inability to capitalize on Likud's management of the economy. The May consumer price index announced on 15 June, the final reading on inflation prior to the election, showed only a 3.3-percent increase—an annual rate of 48 percent, but nonetheless the smallest monthly increase in over two years [redacted]

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**Public Opinion
Shifting to Likud**

Begin's campaign activism has been bolstered by Israeli public opinion polls. Each one since late January has shown Likud gaining at Labor's expense. Buoyed by such findings, Begin has begun publicly to tout his hopes for reelection, a prospect he considered unlikely early this year. [REDACTED] 25X1

According to the most recent poll, Likud leads Labor 49 to 37 seats. This represents a net 24-seat gain for Likud over mid-April. [REDACTED] 25X1

Related polls confirm that voter sentiment has been shifting in Likud's favor. Begin's personal popularity has risen to nearly 42 percent—twice what it was late last year. A poll in early June reveals that Israelis prefer Begin to Peres for Prime Minister by better than a two-to-one margin. [REDACTED] 25X1

Likud's rise in the polls appears in part to reflect support from previously undecided Sephardic Jews. In recent national elections, the predominantly lower income Sephardics have shifted increasingly to Likud. They formed the core of those who catapulted Begin to victory in 1977. They tend to regard Labor as elitist and are suspicious of it because the party is dominated by the relatively affluent Ashkenazis. [REDACTED] 25X1

The Israeli electorate, moreover, appears to be adopting increasingly conservative views that are closer to those of Likud than Labor. Various polls taken during the past several months show that:

- Nearly 75 percent of the public favors some form of continuing Jewish settlement on the West Bank.
- Sixty percent oppose a complete Israeli pullout from the Sinai.
- By better than a two-to-one margin the Israelis prefer some form of permanent Israeli control over the West Bank or outright Israeli annexation to Labor's strategy of engaging Jordan in negotiations on territorial partition. [REDACTED] 25X1

Labor Stumbles

Begin thus far has deprived Labor of clear-cut campaign issues. Barring a major mistake by Begin, especially in his management of Israeli reaction to US and foreign criticism of the raid on Iraq's nuclear center or in his handling of the impasse with Syria over Lebanon, Labor is not in a good position to turn back Likud's challenge in the final days of the campaign. [REDACTED] 25X1
[REDACTED] 25X1

Peres has made repeated tactical mistakes that have reinforced his reputation as a "tricky" and indecisive figure. Peres's gaffes also have revived voter

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Begin speaking at Likud
convention. [redacted]

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memories of Labor confusion and ineptness during its last term in office in the late 1970s. [redacted]

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Peres in recent months has:

- Engaged in a highly publicized meeting in Vienna with Austrian Chancellor Bruno Kreisky. Most Israelis regard the Jewish-born Kreisky as a pro-PLO turncoat.
- Paid "secret" but well-publicized visits to King Hassan in Morocco and a brother of King Hussein in London, thereby exposing himself to charges of undercutting government policy and preelection grandstanding.
- Tapped well-known banker Yaacov Levinson to be his next Minister of Finance only to have him refuse to accept the portfolio.
- Continued his longstanding internecine party warfare with former Prime Minister Yitzhak Rabin, which has strengthened voter memories of past Labor factionalism. [redacted]

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In contrast to the discord within Labor, Likud leaders and the bloc's rank and file have rallied enthusiastically behind Begin. This has made it difficult for Labor to score points by reminding the electorate of the disunity rampant within the Begin government only several months ago. Begin's highly publicized meeting on 4 June with President Sadat in the Israeli-occupied Sinai has further undermined Labor's ability to charge that Begin's hard line on peace issues has weakened Sadat's commitment to the peace treaty and bilateral relations. [REDACTED]

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Moreover, the popularity of Begin's tough stance on peace negotiation issues has undermined Labor's original plan to rally voter support for its "Jordanian option." In reaction, Peres and other Labor leaders have assumed a defensive stance. They have backed off from their aggressive advocacy of partition of the West Bank with Jordan and emphasized that this is only one of several options [REDACTED]

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Large Bloc of Undecided Voters

Labor nonetheless hopes that it can stage an 11th-hour comeback by gaining support from the large group of still undecided voters—perhaps as much as one-quarter of the electorate. Polls suggest that a large proportion of this group is made up of relatively well-educated, affluent Ashkenazis, who in the past have tended to favor Labor, or other relatively moderate parties, rather than Likud [REDACTED]

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Labor leaders have launched a concerted effort to undermine Begin's credibility, in part by criticizing the timing of the raid on the Iraqi nuclear center as an electioneering tactic and by reminding the voters of Begin's inaccurate and exaggerated statements regarding the Iraqi nuclear program. They also have alleged that Begin has encouraged campaign "hooliganism" by Likud supporters at Labor-sponsored election rallies. Labor leaders believe the issue of campaign violence, in particular, could gain their party a significant increase in voter support in the final days of the contest [REDACTED]

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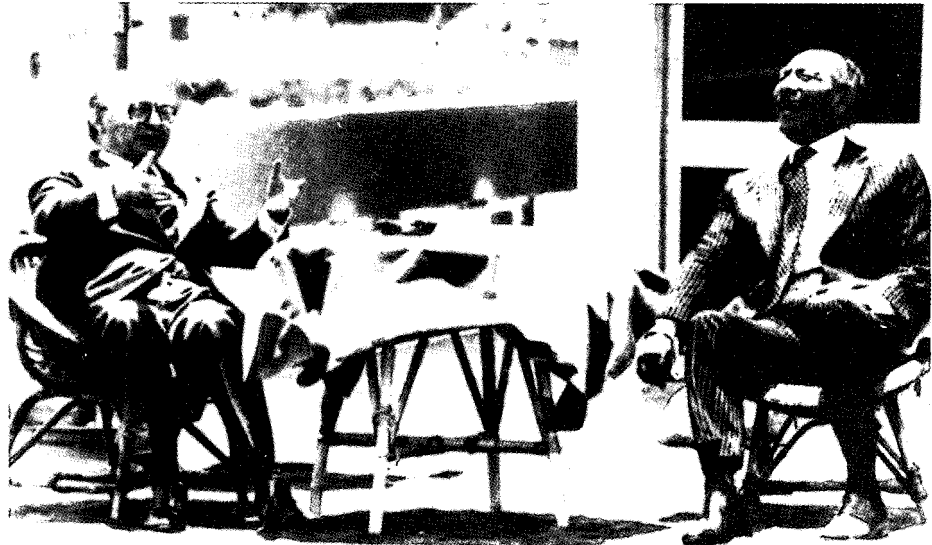
The National Religious Party

The National Religious Party (NRP) presently holds 12 seats in parliament and never has held fewer than nine. Its electoral prospects have been damaged by a number of developments, however, and polls show the party winning only seven to nine seats. Allegations of misconduct against leading party figures led eventually to the indictment of Religious Affairs Minister Abu-Hatzeira on charges of financial misconduct. Although he was acquitted in late May, this did little to improve the NRP's prospects. Unable to secure a sufficiently high place for his faction on the NRP's electoral list, Abu-Hatzeira resigned to form his own all-Sephardic list. Sephardics have traditionally constituted a major portion of the NRP constituency. The

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Anwar Sadat meeting with
Begin at Ofira. [REDACTED]



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formation of the new, ultranationalist Tehiya (Rebirth) Party, which includes many former NRP allies from the Gush Emunim settlement movement, also will cut into the NRP's electoral support. [REDACTED] 25X1

The party, nevertheless, traditionally has enjoyed the support of a cohesive, loyal constituency and is likely to retain a parliamentary representation sufficiently strong to play a key role in negotiations to form the next ruling coalition. [REDACTED] 25X1

Labor probably would have a difficult time securing NRP support. Because of the NRP hardliners' influence, the party will be inclined to remain with Begin if the election results leave Likud and Labor relatively evenly matched or even if Likud ends up trailing Labor by a few seats. [REDACTED]

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Dayan's Role

Former Foreign Minister Moshe Dayan's State Renewal Party has plummeted in the polls from 19 to about three projected parliamentary seats. Dayan prefers a more flexible negotiating strategy. To spur movement in negotiations, he advocates "imposing" Palestinian self-rule and withdrawing the Israeli military from Arab population centers. But he also is deeply attached to the West Bank for emotional and security reasons and will be inclined to join forces with the NRP and Likud hardliners. [REDACTED] 25X1

If Begin Wins

There is nothing to suggest that Begin has significantly softened his stance on major issues related to the West Bank-Palestinian question. Should he be

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returned to office, he is certain to claim a mandate for his efforts to consolidate Israel's control of the West Bank, Gaza, and East Jerusalem.

[REDACTED]

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Promoting Jewish settlement in the occupied areas would be a central government aim. Agriculture Minister Sharon and other settlement activists probably would concentrate on expanding existing settlements, especially in and near West Bank Arab population centers and in the southern Gaza Strip abutting the Egyptian-controlled Sinai. [REDACTED]

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Over the longer term, Begin probably would facilitate an increased Gush Emunim presence within the West Bank town of Hebron by helping Gush squatters restore and reoccupy additional buildings in the city's former Jewish quarter. Begin, moreover, probably would revive plans to transfer the Prime Minister's office to East Jerusalem, an action he nearly undertook in the summer of 1980. [REDACTED]

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Begin's coalition would retain its strongly religious-nationalist image. In addition to the National Religious Party, it could include Dayan's group, the ultraorthodox Agudat Israel, Geula Cohen's extreme rightwing Tehiya, and possibly Abu-Hatzeira's splinter group. Such a coalition would be dominated from the outset by hardliners agreeing with Begin's views about the West Bank. Begin nevertheless would retain personal leadership because of his command of Likud and his achievement of Likud's comeback victory against Labor. [REDACTED]

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Implications for the United States

Neither Likud nor Labor is likely to win a majority in parliament, thus necessitating the formation of a coalition government. The presence of the NRP, along with other hardline groups and like-minded conservatives in Labor as well as Likud, will constitute a major constraint on the flexibility of any future government in negotiations on the status of the West Bank and Gaza Strip. [REDACTED]

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Because of the deep-rooted domestic opposition to major withdrawals from the West Bank, a Labor-led coalition would be unlikely to risk proposing major concessions. Neither Likud nor Labor, moreover, would be likely to perceive overriding external pressure to move quickly on the negotiating front. The Israelis doubt that Washington has decided on an overall strategy for the broader peace negotiations. [REDACTED]

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The new government probably will want to use its initial months in office to explore and shape US thinking on the peace process, including the longer term impact of the raid on the Iraqi nuclear facility and of the Lebanon crisis. [REDACTED]

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Whether led by Labor or Likud, the new government probably will continue to assert that Israel is the only stable and democratic ally of the United States in the region. It also will continue to offer the United States access to Israeli military facilities for emergency operations and to enhance a longer term effort to strengthen and restructure the US regional presence. Begin, in particular, also would claim that Israel's continued control over the West Bank and Gaza serves a larger US strategic interest by preempting the development of a radical, Soviet-supported Palestinian state. [REDACTED] 25X1

The new government would try to use this strategy in part to ensure high levels of US economic and military aid. This aid would provide a cushion to soften some of the effects of Israel's balance-of-payments and inflationary problems, which are likely to worsen after the election. [REDACTED] 25X1

The Israelis have become increasingly concerned that after their final withdrawal from the Sinai in April 1982 Sadat will show less commitment to the negotiating framework established in the Camp David accords. They expect Sadat to abide by the peace treaty, but they are worried that he will try to increase pressure on Israel for major concessions on the Palestinian issue by moving back toward the Arab fold. The new Israeli government is certain to apply early pressure on the United States to encourage Sadat not to undertake a major change in policy [REDACTED] 25X1

Both Labor and Likud probably would try to persuade the US to press Egypt to renew the stalemated Palestinian autonomy talks. The new government will have a major incentive to reach an autonomy agreement before April 1982. The Israelis would hope to provide Sadat a fig leaf enabling him to reduce his involvement in the Palestinian issue and thereby to relieve Israeli-Egyptian relations of some of the friction produced by this problem. [REDACTED]

The key questions in renewed autonomy negotiations would be internal security, Jewish settlement activity, and land and water resources. Neither a Labor nor Likud-led government would be likely to agree to conditions that would seriously weaken Israel's control in each of these areas. As an inducement to Sadat, however, a Labor-led government probably would broach the possibility of introducing broader Palestinian self-rule in Gaza, which Egypt administered until the 1967 war. Over the longer term, a Labor-led coalition would likely return to advocating territorial partition under the "Jordanian option." [REDACTED] 25X1

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